

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
DEPARTMENT OF HEALTH
JOINT BULLETIN 95-3
Issued this 24th day of
February, 1995**

TO: Small Employer Health Carriers

RE: Small Employers at Renewal with 2-49 Employees

As you are aware, the 1994 Legislature amended the definition of small employer to include those employers with 2-49 employees effective July 1, 1995. Currently, a small employer is defined as an entity that has 2-29 employees. The legislation did not address any implementation or transition issues.

As the law now stands, if the number of employees exceeds 29, the carrier must non-renew the small employer plan (62L.03, subd. 5(b)). However, on July 1, 1995, the employer that was non-renewed, could re-apply for coverage again if the number of employees does not exceed 49.

After discussing this issue with the authors of MinnesotaCare, the consensus was to allow the Departments of Commerce and Health to administratively allow small employers who exceed 29 employees but do not exceed 49 employees, to continue to be defined as a small employer. This would also allow the health carriers to reinsure employers with 2-49 employees through the Minnesota Health Coverage Reinsurance Association.

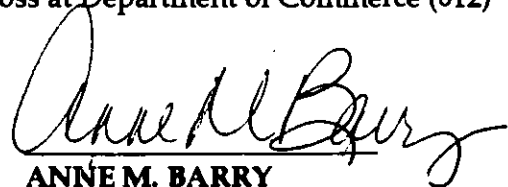
Legislation will be introduced during the 1995 legislative session, modifying M.S. 62L.03, subd. 5(b) which will permit the health carrier to renew coverage for small employers who have 2-49 employees and make it retroactive back to July 1, 1994.

Additionally, we will modify the definition of a health carrier (62L.02, subd. 16) by adding the definition of CISN and ISN. This will permit the Minnesota Health Coverage Reinsurance Association, on January 1, 1995, to reinsure small employers, that are part of a CISN or ISN.

If you have any further questions or comments, please contact Nanette Schroeder at Department of Health (612) 282-5627 and John Gross at Department of Commerce (612) 296-6929.


JAMES E. ULLAND

Commissioner of Commerce


ANNE M. BARRY

Acting Commissioner of Health

include policy forms providing private passenger vehicle insurance or homeowners' insurance, personal liability coverage, personal property or personal article floater coverage, credit property coverage, crop hail insurance, title insurance, or professional liability insurance covering individuals. The term does not include policy forms insuring individually owned motorcycles, motorized bicycles, recreational equipment, mobile homes, house trailers, snowmobiles, water craft, aircraft not used in air commerce, or owner occupied residential dwellings containing fewer than five family dwelling units.

2700.2470 EXEMPTION FROM CERTAIN FILING REQUIREMENTS.

Subpart 1. Commercial policy forms. If the commercial policy forms of an insurer comply with the requirements in Minnesota Statutes, the insurer shall be exempt from the filing and approval requirements in Minnesota Statutes, section 70A.06, subdivision 2, for those policies.

Subpart 2. Commercial policy rates. If the rates of an insurer for commercial policy forms comply with the requirements in Minnesota Statutes, the insurer shall be exempt from the filing requirements in Minnesota Statutes, section 70A.06, subdivision 1, for those rates. This subpart does not apply to guide "a" rates or excess rates, also known as "consent to rate."

Subpart 3. Other rates. Insurers shall be exempt from the filing requirements in Minnesota Statutes, section 70A.06, for guide "a" rates and excess rates used for commercial policies of insurance if the rates comply with the requirements in Minnesota Statutes and the insurer maintains a file containing the information required by Minnesota Statutes, section 70A.06, subdivision 1, for the policy for at least one year after the policy has terminated.

Subpart 4. Rate service organizations. The exemption provided in this section does not apply to rate service organizations, as defined in Minnesota Statutes, section 70A.03.

2700.2480 FILING OF EXEMPT INFORMATION.

An insurer shall within 30 days of request provide the commissioner of commerce with any of the information for which part 2700.2470 provides exemption from filing.

END OF RULES

ADDITIONAL INFORMATION.

A Minnesota domiciled insurer filing a commercial form with the commissioner because another state requires home state approval as a filing condition should indicate this in the filing letter.

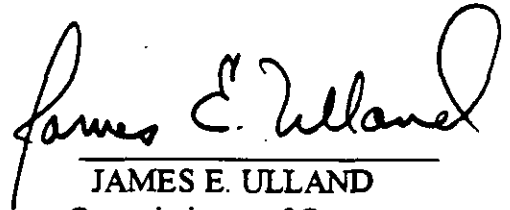
One of the reasons for these rules is to materially reduce the number of filings. To achieve that result, it is essential that you not make a filing unless you believe it is required. Do not submit filings that are exempt with the belief that this will compel us to make the decision.

If an exempt form includes provisions or an attachment which might otherwise not be exempt, please do not file the form if the portion that is not exempt is only incidental to the overall policy. Examples of forms that should not be filed would be as follows:

(1) A form which provides personal automobile coverage, but is designed to be attached to a commercial automobile fleet policy.

(2) A form which provides comprehensive personal liability coverage, but is designed to be attached to a comprehensive general liability policy.

For further clarification of these rules, direct inquiries to: William R. Kyle, Manager, Property/Casualty and Self Insurance, 133 East 7th St., St. Paul, MN. 55101.


JAMES E. ULLAND
Commissioner of Commerce